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TAGS: ETRD, GATT

SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS - AGRICULTURAL GRAINS
PAPER AND REQUESTS

REFERENCE: GENEVA 2068

1. US DELEGATION HAS REVIEWED USDA PROPOSED REQUEST ON GRAINS AND FEELS REQUEST AS PRESENTED IS NEITHER FEASIBLE NOR USEFUL. SOME DELEGATION MEMBERS FAVOR REQUESTING CUT IN THRESHOLD PRICE BUT FEEL 34 PERCENT MAY BE TOO MUCH; THIS FIGURE NOT ADEQUATELY SUPPORTED BY DATA IN GRAINS PAPER. THEY BELIEVE GENERAL APPROACH GOOD BUT A BETTER SUPPORTED FIGURE NEEDED. OTHERS THINK ANY REQUEST FOR A DECREASE IN THRESHOLD PRICE WOULD BE SUMMARILY REJECTED BY EC, AND WOULD FAVOR SOME OTHER FORM OF REQUEST IF ONE COULD BE FOUND THAT MEETS US NEGOTIATING OBJECTIVES AND HAS SOME CHANCE OF BEING ACCEPTED BY EC.

2. PAPER CONTENDS ACTUAL IMPORT FIGURES SHOULD BE ADJUSTED UPWARDS BECAUSE THERE WERE UNEXPECTED EUROPEAN PRODUCER PRICE INCREASES RESULTING PRIMARILY FROM UNANTICIPATED INCREASES IN TRADE RESTRICTIONS SINCE ORIGINAL DUTY BINDINGS WHICH RESULTED IN " ABNORMAL" PRODUCTION

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INCREASES, DECREASED CONSUMPTION OF FEEDGRAINS, AND THUS LOWER IMPORTS THAN THE US HAD A RIGHT TO EXPECT. IN DISCUSSION OF VALUE OF NEGOTIATING RIGHTS AND UPWARD ADJUSTMENT OF ACTUAL IMPORT FIGURES THERE SHOULD BE: (1) EVIDENCE SUPPLIED TO SUPPLEMENT THAT GIVEN ON PRICE DIFFERENTIALS (BETWEEN EUROPEAN AND WORLD PRICES) TO SHOW THAT SUCH INCREASED PRICE DIFFERENTIALS RESULTED FROM MEASURES THAT WERE INTENSIFIED AFTER GATT CONCESSIONS MADE; (2) ADDITIONAL EVIDENCE WHERE POSSIBLE IS NEEDED REGARDING ILLEGALITY OF BARRIERS UNDER GATT OR ANY UNFORSEEABLE INTENSIFICATION OF BARRIERS SINCE GATT CONCESSIONS WERE MADE; AND (3) IF AVAILABLE, EVIDENCE IS NEEDED THAT THE US HAD A RIGHT TO EXPECT BARRIERS TO BE DECREASED OR ELIMINATED (E. G., AFTER EUROPEAN COUNTRIES EMERGED FROM BALANCE OF PAYMENTS JUSTIFICATION FOR IMPORT RESTRICTIONS.)

3. PAPER NOT SUFFICIENTLY CLEAR ON RELATIONSHIP BETWEEN INCREASES IN DIFFERENTIALS (BETWEEN WORLD AND EUROPEAN PRICES) IN PERCENTAGE TERMS BETWEEN 1950-52 AND 1959-60, AND " EXTRAORDINARY INCREASES" IN PRODUCTION (I. E., EXCESS OVER 2 PERCENT PER ANNUM). IS THE 2 PERCENT ANNUAL RATE BASED PRIMARILY ON EXPECTED PRODUCTION INCREASES RESULTING FROM TECHNOLOGICAL IMPROVEMENT WITH CONSTANT PRODUCER PRICES IN RELATION TO INPUT PRICES OR ON THE BASIS OF THE ACTUAL EUROPEAN PRODUCTION EXPERIENCE IN SOME SELECTED BASE PERIOD? ARE IMPLICIT PRICE ELASTICITIES OF SUPPLY CREDIBLE OR REASONABLE?

4. ON CONSUMPTION SIDE FOR WHEAT, PAPER (P. 8) MAKES NO CLAIM OF LOSS INsofar AS CONSUMPTION IS CONCERNED. APPARENTLY ASSUMPTION IS THAT ALL WHEAT IS FOR HUMAN USE AND PRICE ELASTICITY OF DEMAND IS ZERO. IS CONSUMPTION RESPONSE ON WHEAT USED FOR FEED SIGNIFICANT IN US CLAIM?

5. ADJUSTED TRADE FIGURES (P. 2 AND TABLE I) WERE DERIVED FROM UNDERLYING DATA IN TABLES II- XIV. HOWEVER, IT IS NOT ALWAYS POSSIBLE FOR READER TO VERIFY COMPUTATION. BASIS AND SOURCES OF PRICES IN FOOTNOTES ON P. 6 SHOULD BE IDENTIFIED.

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6. US DELEGATION RECOMMENDS DELETION OF PARA 2, P. 1. IT FEELS DECISION NOW ON STEPS TO BE TAKEN IN ABSENCE OF AGREEMENT WITH EC ON GRAINS WOULD BE PREMATURE.

7. IN DISCUSSION OF STANDSTILL RIGHTS WITH GERMANY, FINAL SENTENCE (P. 12) ARGUES THAT A REDUCTION OF GERMAN

SKIMMING CHARGE IN YEARS 1958-60 WOULD HAVE INCREASED
IMPORTS FROM US TO \$77.5 MILLION. NO SPECIFIC
FIGURE FOR REDUCTION SKIMMING CHARGE IS SHOWN. WHAT
LEVEL OF SKIMMING CHARGE WAS USED IN ESTIMATING SUCH
INCREASES IN IMPORTS?

8. IN DISCUSSION OF STANDSTILL RIGHTS WITH FRANCE, THE
PAPER STATES THAT DURING 12 YEAR PERIOD WHEN BINDING
ON WHEAT WAS APPLICABLE, THE MARGIN BETWEEN FRENCH
INTERNAL RESALE PRICE AND IMPORT PRICE OF WHEAT IN-
CREASED. DID MARKUP MARGIN ON IMPORTED WHEAT DURING THE
12 YEARS VIOLATE FRENCH CONCESSION BY EXCEEDING THE
15 PERCENT MARGIN PERMITTED?

9. US DELEGATION UNABLE TO DERIVE REQUEST FIGURE OF
34.2 PERCENT REDUCTION IN GRAINS PRICES FR
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